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101-00881/

LETTER OF TRANSMITTAL

Regina, Saskatchewan
March 31, 2000

To Her Honour Lynda Haverstock
The Lieutenant Governor of the
Province of Saskatchewan

I have the honour of submitting herewith the Annual Report of the Saskatchewan Health Information Network (SHIN) for the year ending March 31, 2000, including the financial statements, duly certified by auditors for the corporation, and in the form approved by the Treasury Board, all in accordance with *The Crown Corporations Act, 1993.*

Respectfully submitted,

Honourable Judy Junor
Associate Minister of Health

LETTER FROM THE CEO

The past year has been a very exciting one for SHIN. The Corporation spent significant effort in its first year and a half of operation defining direction, soliciting stakeholder input and building network infrastructure. In 1999/2000 the Corporation was able to begin leveraging that infrastructure to begin working with stakeholders on addressing health system issues.

Over this year SHIN worked with health districts to help them address Y2K issues. The results of this joint work were very positive, Saskatchewan's health system made it into the year 2000 without any significant technical problems. Districts and all organizations involved should be congratulated.

There were some other very positive results that came about as a result of this joint work. Districts are now working more closely together to address issues and problems from a more collaborative stance, positioning themselves to provide better health care more efficiently and effectively in future.

SHIN is pleased to be playing a role in this joint work. In fact over the past year the Corporation has begun working jointly with almost every district and with a number of health stakeholder organizations.

I'm very pleased to be able to report that we've expanded the health system e-mail to include 19 of the 32 health districts. We anticipate having all districts linked via e-mail by the end of 2000. In addition, the Corporation has developed a help desk that now provides technical support to the Southwest and East Central Health Districts, as well as the College of Physicians and Surgeons of Saskatchewan, and will be available to support all health districts within the next few years.

In addition to a number of new health services, we worked with Saskatchewan Health to integrate the provincial drug plan network into the SHIN network and are hosting databases and services for the College of Physicians and Surgeons and the Department of Family Medicine. SHIN is also now providing CT scan transmission services between Prince Albert and Saskatoon for patients travelling to Saskatoon from Prince Albert, reducing the need for duplicate testing and delays in patient treatment. Working with the Prince Albert Health District we have piloted a new electronic record for use by health care providers treating new and expectant mothers, and SHIN is presently piloting a new highly secure infrastructure that may potentially be used by many other jurisdictions.

I am very excited about the work underway and the opportunities this work provides us for joint development with our health system partners as we head into a new century and a new environment for health information technology. I look forward to working with health stakeholders in the future as we as a province strive towards excellence in health care.

Shelley Lipon
Acting CEO
SHIN

SHIN BOARD OF DIRECTORS

The SHIN Board of Directors is made up of stakeholder representatives from across the health sector and the general community. Organizations represented are listed below:
Pictured from left to right.

BACK ROW:

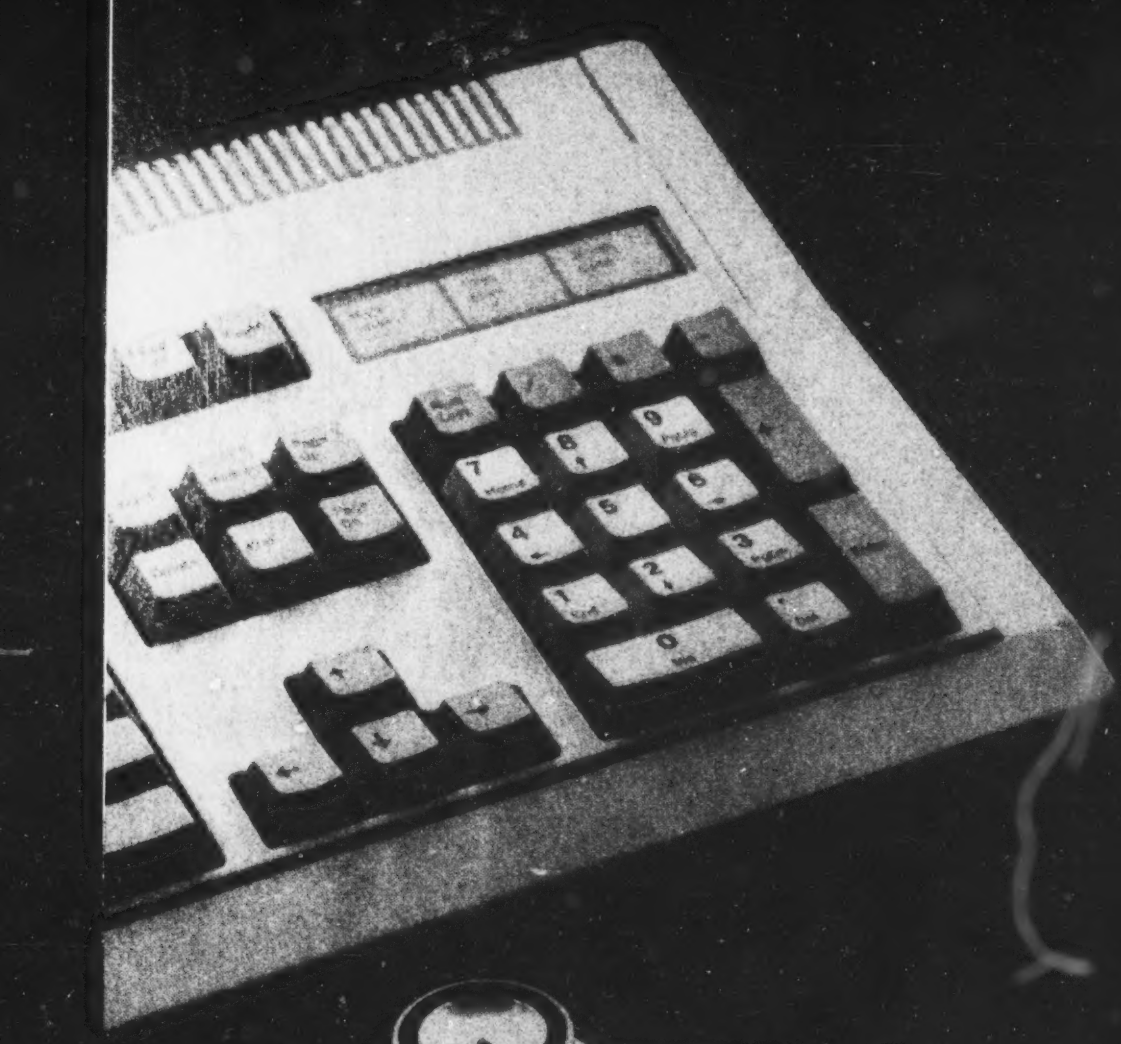
Dr. Allan Miller – Saskatchewan Medical Association
Noreen Johns – Rural Community Representative
Angela Hauser Bowen – Saskatchewan Registered Nurses Association
Kelly Block – Cabriel Springs Health Dis...ct
Ruth Robinson – Urban Community Representative
Dr. Glenn Bartlett – Regina Health District
Robert Bundon – Saskatoon District Health

FRONT ROW:

Stan Rice – Prince Albert Health District
Brian Rourke – Saskatchewan Association of Health Organizations
John R. Grossman – Community Representative
Steven Pillar – Saskatchewan Health
Rae Haverstock – Saskatchewan Finance

MISSING:

Dr. Dennis Kendel – College of Physicians and Surgeons of Saskatchewan
Dr. James Millar – East Central Health District
Felix Thomas – Federation of Saskatchewan Indian Nations



MISSION
VISION
VALUES

SHIN is the acknowledged expert in delivering secure health information resources for better health.

SHIN facilitates the development and operation of the primary shared information resources that improve health and health care for the residents of Saskatchewan.

SHIN believes in:

- Excellence through innovation, creativity, continuous learning and recognition of achievements;
- Collaboration and team work;
- Accountability for all;
- Honesty, openness and respect for all of our relationships;
- Actions which are client-centred and results-oriented;
- The security of information and the privacy of individuals;
- Providing equitable access to information for its customers;
- Focussing on a phased or evolutionary process; and,
- Fostering development of information technology in the Saskatchewan health care sector.

SHIN'S PROGRESS ON THE STRATEGIC PLAN

GOAL #1 – Reflect the priorities of the health system.

WHAT WE PLANNED

SHIN has systems and practices to ensure projects reflect the priorities of the health system.

WHAT WE DID

Southwest pilot – SHIN finalized the development and testing of a private network in the Southwest Health District. This network linked together 35 workstations in physicians' offices, health centres, hospitals and labs. It provides more than 130 users with e-mail, Internet access and desktop services to facilitate information sharing.

WHAT THIS MEANS

SHIN introduced technology in an area where limited technology existed, providing the Corporation with the opportunity to learn about user network needs. Health workers are now able to communicate more effectively within the district and are beginning to use technology in their jobs (ie. using spreadsheets to track lab results).

WHAT WE PLANNED

Our stakeholders know our actions reflect the priorities of the health system.

WHAT WE DID

WHIC provider registry – SHIN is a member of the Western Health Information Collaborative (WHIC). All provinces are working on health information technology. Collaboration among the provinces ranges from information sharing to joint system development. As part of this work Saskatchewan, Alberta and Manitoba agreed to jointly develop a centralized electronic provider registry for use in the participating western provinces and territories.

WHAT THIS MEANS

Information sharing across jurisdictions will be greatly enhanced given the common development. As well spending will be reduced by joint application development.

WHAT WE PLANNED

Know the priorities of the health system.

WHAT WE DID

Health Information Technology Steering Committee – SHIN worked to facilitate the development of a committee made up of a mix of health districts and health provider organizations. This committee facilitates the exchange of technical information between districts and ensures that stakeholders are provided with regular updates on SHIN progress.

WHAT THIS MEANS

Encourages collaborative work among health system stakeholders, possibly reducing duplicate work and spending.

SHIN'S PROGRESS ON THE STRATEGIC PLAN

GOAL #2 – Ensure the protection and privacy of personal health information.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Maintain compliance with the systems and practices.	**HIPA** – SHIN worked with Saskatchewan Health on the development of the *Health Information Protection Act.*	Ensures the Corporation complies with all regulations under the *Health Information Protection Act.*

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Stakeholders are confident that their personal health information is private and protected.	**Physician Offering** – SHIN undertook a pilot test with one Regina physician, providing access to Saskatchewan Health's Person Registry System. Specialized security software was used to ensure security. SHIN also began working with the Saskatchewan Medical Association to look at developing bundles of services to address the information needs of physicians.	Physicians can electronically verify a patient's provincial health coverage. In addition this initiative begins linking physicians into the SHIN network and enables them to communicate with other health providers.

SHIN'S PROGRESS ON THE STRATEGIC PLAN

GOAL #3 – Improve access to information for health providers when they are providing service to the people of Saskatchewan

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Health providers have adequate information system infrastructure to communicate with each other.	**E-mail expansion** – SHIN provided e-mail services to 19 health districts. This initiative supported the resolution of the Y2K issue for health districts.	This initiative allows participating districts to communicate more effectively and securely both with each other and with other users of the government e-mail system. It served as a foundation piece to the deployment of SHIN. Using a common platform, deployment of a highly secure infrastructure will be much easier.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Health providers have adequate information system infrastructure to communicate with each other.	**Drug Utilization Review** – SHIN began hosting this program database for the College of Physicians and Surgeons of Saskatchewan (formerly called the Triplicate Drug Plan). The database is only accessible by the College. Using the database, the computer scans for evidence of patients concurrently receiving narcotic or controlled drugs from three different physicians over a 30-day period. If such a pattern of drug utilization is detected, all of the prescribing physicians and dentists are notified through an alert letter.	This project eliminated the cost of manual data entry for the College of Physicians and Surgeons. The program works to prevent misuse and illegal diversion of narcotic and controlled drugs.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Health providers have adequate information system infrastructure to communicate with each other.	**Department of Family Medicine** – SHIN began hosting a number of services for the Department of Family Medicine. These services include e-mail and Internet access, the Rise Health Suite which provides practice management software and the Purkinje Dossier of Clinical Information, which is a clinical documentation tool. SHIN has connected the Department's clinics in Regina and Saskatoon.	This initiative allowed the Department of Family Medicine to leverage the SHIN investment in a data centre and help desk. In addition it introduced initial electronic health record software to young physicians in a primary care location.

SHIN'S PROGRESS ON THE STRATEGIC PLAN

GOAL #3 – Improve access to information for health providers when they are providing service to the people of Saskatchewan

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Health providers have adequate information system infrastructure to communicate with each other.	**Bed management system** – At the request of the districts, SHIN began looking at creating a web-based acute care bed management system.	This initiative identifies accurate bed counts to ensure the most effective use of all facilities across the province.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Foster the development and use of common information systems across the health system.	**MDS/RUGS** – SHIN and Saskatchewan Health began looking at ways SHIN could centrally host this long-term care assessment tool. SHIN also looked at ways this tool could be made available to providers through a wireless system.	This will allow the analysis of the data to be done in a provincial manner. The use of hand held devices allows nurses to enter data while at the patient bedside, eliminating the need for duplicate data entry.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Foster the development and use of common information systems across the health system.	**Help desk expansion** – SHIN's help desk supported basic office automation services for the Southwest and East Central Health Districts as well as the College of Physicians and Surgeons of Saskatchewan. SHIN will continue to expand this service to health system users over the next year.	This provides help desk services in remote areas where they may not otherwise be available.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Foster the development and use of common information systems across the health system.	**Y2K support** – SHIN worked on assisting districts to address Y2K issues.	There were no major problems across the health system thereby confirming that district processes were appropriate. This work also helped bring districts together to take a more provincial view of information technology developments.

SHIN'S PROGRESS ON THE STRATEGIC PLAN

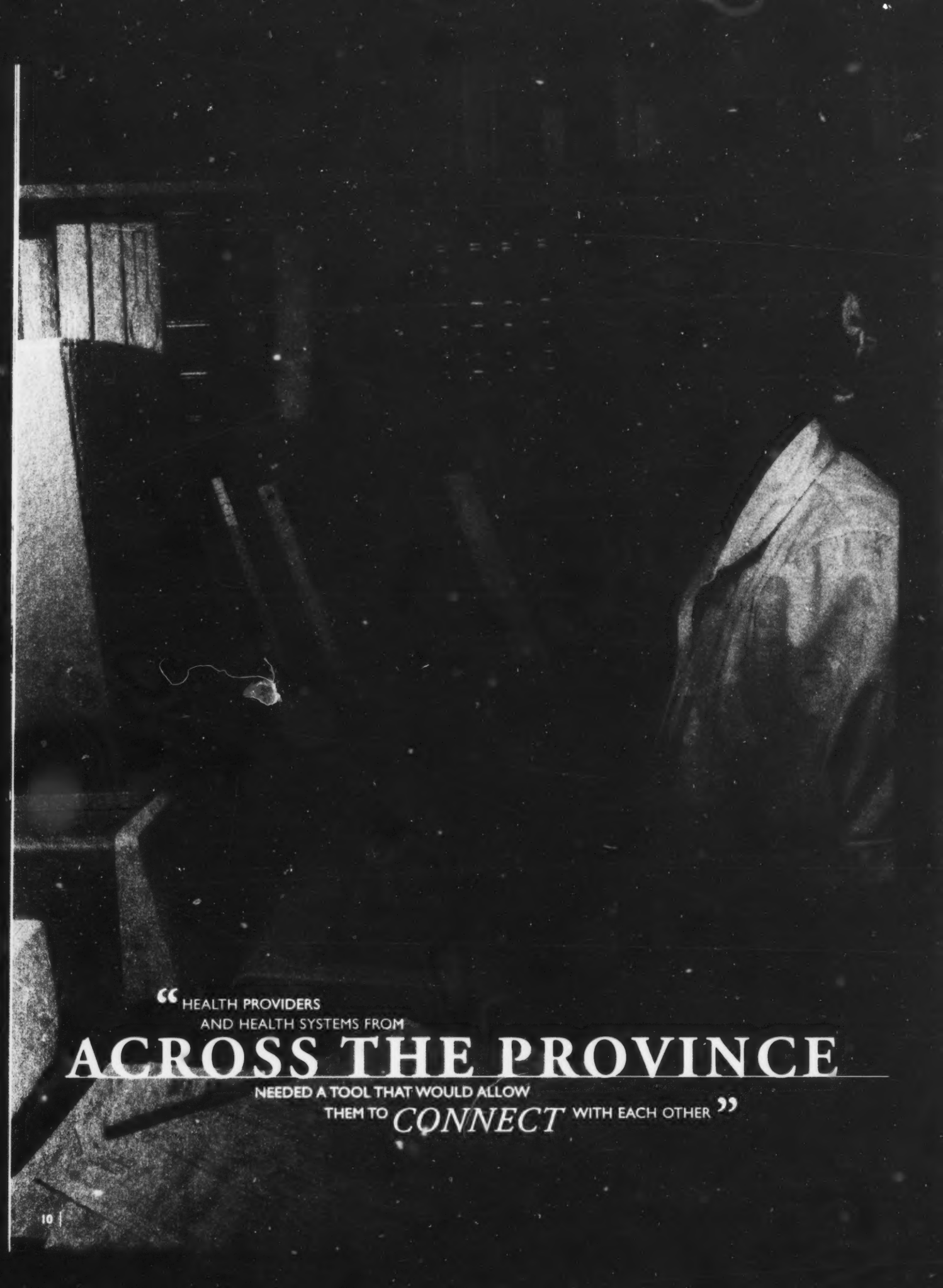
GOAL #4 – Promote the use of common health information systems within the health sector.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Know the benefits of common information systems to the health sector.	**Drug Plan Network** – more than 360 rural and urban pharmacies received support services through SHIN. Of those, 180 urban pharmacies were connected to the SHIN network via dedicated high speed network connections.	Allows pharmacists to submit adjudicated claims electronically in a more effective manner. It also positions pharmacists to be able to communicate with other health providers on SHIN in a secure electronic manner.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Partner with stakeholders to communicate the benefits of common health information systems.	**Saskatoon District Health Electronic Health Record** – SHIN began work assisting Saskatoon District Health in implementing Sunrise Clinical Manager software in the emergency room in St. Paul's Hospital.	This project will deliver clinical information to providers in an emergency setting in a real time manner, thereby assisting them in making more informed decisions as they deliver care.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Partner with stakeholders to communicate the benefits of common health information systems.	**CT Scan transmission support** – CT scanned images are now being transmitted over the SHIN network from Prince Albert to Saskatoon when patients are transferred from Prince Albert to Saskatoon.	This reduces the need for duplicate testing and reduces delays in patient treatment.

WHAT WE PLANNED	WHAT WE DID	WHAT THIS MEANS
Health stakeholders promote the benefits of health information systems.	**Mother/Infant Care pilot** – working with the Prince Albert Health District, SHIN developed an electronic post partum record. This record is e-mailed from the hospital to the public health nurse and ensures that information is quickly available to the appropriate care provider at the time of providing care.	Puts essential information in the hands of health providers at the time of providing care.



"HEALTH PROVIDERS AND HEALTH SYSTEMS FROM

ACROSS THE PROVINCE

NEEDED A TOOL THAT WOULD ALLOW THEM TO *CONNECT* WITH EACH OTHER"

CREATING SHIN

SHIN was initially created to address the need for effective and efficient services within the health sector. When work began on reforming Saskatchewan's health system in 1992, a province-wide health information system was identified as a requirement. It was recognized that as part of ensuring the sustainability of the health system, health providers and health systems from across the province needed a tool that would allow them to connect with each other.

In the summer of 1995, SAHO and Saskatchewan Health initiated an extensive two-stage procurement process, which was designed to select a vendor partner. This vendor partner was intended to assist in the development and implementation of a Saskatchewan health information network.

In September 1996, as a result of this process, Science Applications International Corporation (SAIC), in partnership with PCS, Digital, Ernst & Young and SaskTel, was selected as the prime contractor for the development and implementation of the health information network. As the first step in the development process, SAIC was contracted to develop a Business Case and detailed implementation plan relating to the network.

In August 1997 Minister of Health Clay Serby, announced the creation of a Treasury Board Crown Corporation called the Saskatchewan Health Information Network (SHIN). It was further announced that a Board of Directors would oversee SHIN. The Board included representatives from: HSURC; Saskatchewan Medical Association; College of Physicians and Surgeons of Saskatchewan; Saskatchewan Registered Nurses Association; Saskatchewan Union of Nurses; Saskatchewan Association of Health Organizations; Federation of Saskatchewan Indian Nations; Saskatchewan Health; Saskatchewan Finance; the Regina, Saskatoon, East Central, Prince Albert, Central Plains and Southwest District Health Boards and three community representatives.

When SHIN was first established the long term vision for the Corporation was to develop a province-wide network which would give health providers access to electronic patient records so that they could provide better care to their patients.

It quickly became very clear that for SHIN to be successful, health providers needed to be involved in the development of Corporation projects on an ongoing basis and at a grass roots level.

Between November 1997 and February 1998, consultation meetings were held with health providers and stakeholders in 32-health districts to identify health issues that would be addressed by SHIN. In addition, more than 25 associations and professional groups were involved in information/consultation sessions. Out of this, a list of more than 300 issues were developed.

These issues were grouped into four categories, which were:

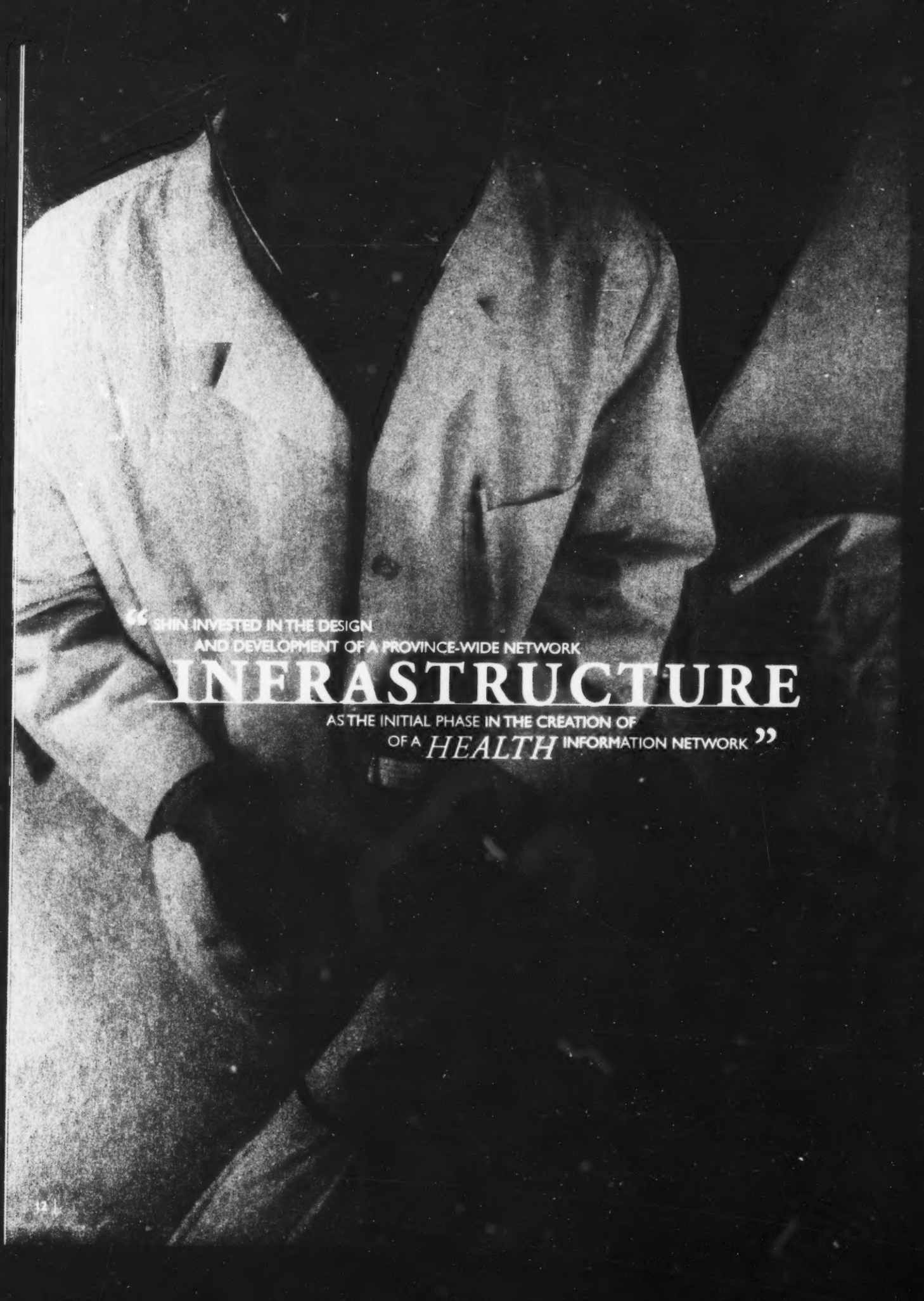
- issues related to accessing patient information;
- issues related to service delivery;
- issues related to planning and evaluation; and
- issues related to health promotion.

In April 1998, more than 200-health provider and stakeholders representing organizations, districts, professions and front-line providers from across the health sector and the province attended an intense two-day planning session. This Provincial Planning Group (PPG) was asked to validate and prioritize issues identified in the initial consultation meetings.

The four top priorities they identified were:

1. Essential information about a patient is not available when they return to their community.
2. Information about previous treatment plans is not available.
3. Diagnostic test data is not available resulting in repetition of tests.
4. Essential data is not available for emergencies.

These priorities then became the focus around which SHIN development was initiated.


"SHIN INVESTED IN THE DESIGN
AND DEVELOPMENT OF A PROVINCE-WIDE NETWORK
INFRASTRUCTURE
AS THE INITIAL PHASE IN THE CREATION OF
OF A HEALTH INFORMATION NETWORK"

SHIN'S FIRST STEPS

When SHIN was originally established, in August 1997, it was anticipated that the Corporation would focus its work on developing a province-wide electronic health record. However that mandate did not take into account the complexity of bringing the health sector to the point where information could be fed electronically into a patient record.

Following SHIN's extensive consultation process with representatives of the province's health sector, it became very apparent that there was a significant information technology gap within the health sector. Therefore it was identified that extensive work needed to be done in the health sector to address this gap before the vision could be accomplished.

SHIN began to work with health districts and Saskatchewan Health on building the base to support the technology required for a province-wide health information system.

Somewhat like building the foundation of a house before putting up the walls, SHIN invested in the design and development of a province-wide network infrastructure as the initial phase in the creation of a health information network. The network infrastructure developed included:

- a data centre;
- a help desk;
- a test lab;
- the first phase of district connectivity; and
- the first phase of security infrastructure.

This investment in the infrastructure design and development positioned SHIN to offer common information technology solutions to the health system thereby reducing duplicate costs, ensuring better communication and providing an enhanced level of support to health providers in their use of technology.

As part of this initial information technology development, in 1998 SHIN developed and tested a private network in the Southwest Health District. This work was finalized in 1999. This network links together 35 workstations in physicians' offices, health centres, hospitals and labs. It provides more than 130 users with e-mail, Internet access and desktop services to facilitate information sharing.

As a result of the findings from this test site, SHIN began development of an e-mail system for the health sector. This established a foundation which facilitates the transfer of electronic messages, permits access to calendars and a common address list, facilitates meeting scheduling and information sharing through the use of public folders, and will position SHIN to provide enhanced security services.

Also as a result of the findings from the southwest test site, SHIN created a help desk support service for system users. The service provides network users with a place to call when they need help with the system or if they are having trouble with a program. In addition the help desk acts as an information source for users, providing them with regular updates on upgrade plans, maintenance schedules, etc.

In 1998/99 SHIN also refined the Corporation's security policy to ensure it appropriately addressed the privacy and security of health information, developed a website, began development of HL7 standards, and started work with health districts on addressing Y2K issues.

In all, SHIN's work in 1998/99 positioned the Corporation to integrate a number of health networks such as the provincial Drug Plan Network and the provincial dialysis service, and began adding services which support health providers to the Corporation's infrastructure base .

In 1999/2000 SHIN began work with various stakeholder organizations to develop pilot projects that would build on SHIN's existing infrastructure, address one or more of the identified priorities, meet the needs of the stakeholder organization, and make progress toward SHIN's overall goal of developing a province-wide electronic health record.

All of these projects have contributed to developing SHIN's infrastructure as pre-requisite steps to addressing one or more of the top four identified stakeholder priorities.

SHIN AND SECURITY

Over the past three years SHIN has focused significant efforts and resources on developing a highly secure network infrastructure.

In 1999/2000 SHIN began discussions with the Canadian Institute for Health Information (CIHI) on the development of a highly secure telecommunications infrastructure called Public Key Infrastructure (PKI). It ensures that the transfer of health information will be done securely, and ensures national compatibility with Health Canada on health information transfers.

PKI is a combination of hardware and software, along with management procedures which provide security around the transmission of information. Implementation of PKI will include a system of access controls, electronic gates, on-line monitoring and other tools.

For SHIN to meet the needs of health providers and Saskatchewan people, it must ensure that personal health information is secure, and is only accessible by care providers for treatment purposes. Providers will only be able to access patient information on a need to know basis. SHIN will be working with groups of providers to help identify which providers would need to know which information.

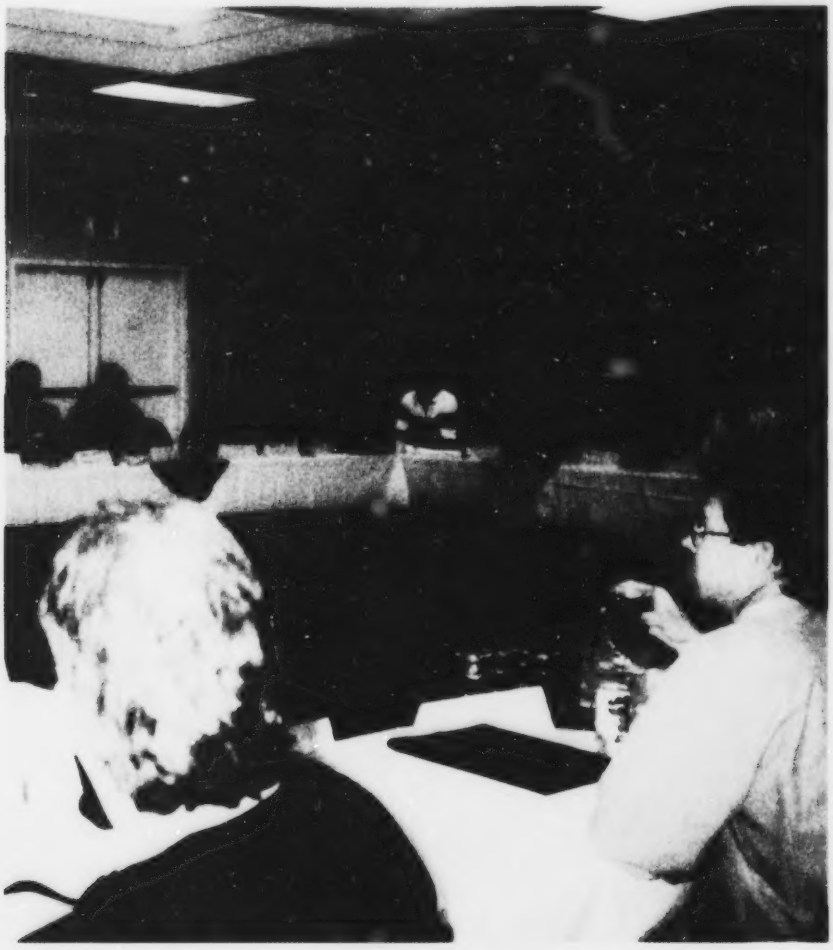
Policy will drive technology in the development of SHIN. Audit trails and other mechanisms to report on inappropriate access, will be implemented for any individual who accesses a patient's record inappropriately. Further SHIN is working to ensure that an electronic health record works to better meet the health needs of Saskatchewan people.

In 1998/99 SHIN provided input into the development of the province's *Health Information Protection Act*. The Corporation is working to ensure that all SHIN initiatives fully comply with the *Act*.

The *Act* will govern how personal health information is collected and stored in electronic networks such as SHIN. It also legislates that personal health information in any electronic health network, including SHIN, is shared between an individual's health care providers only on a need-to-know basis. The *Act* further ensures that individuals can decide not to have their personal health information stored in SHIN.

Information on security controls will be made available as they are developed and implemented.

SHIN ON THE NATIONAL FRONT



Nationally, there is much work going on in the area of health information systems. All provinces are in some way involved in the development of these systems. Recently there has been significant collaborative work done to reduce work duplication.

Since SHIN development got underway relatively early and has progressed in a measured and steady pace, Saskatchewan is now one of the provinces in the forefront of this development. SHIN is playing a key role in a number of important areas.

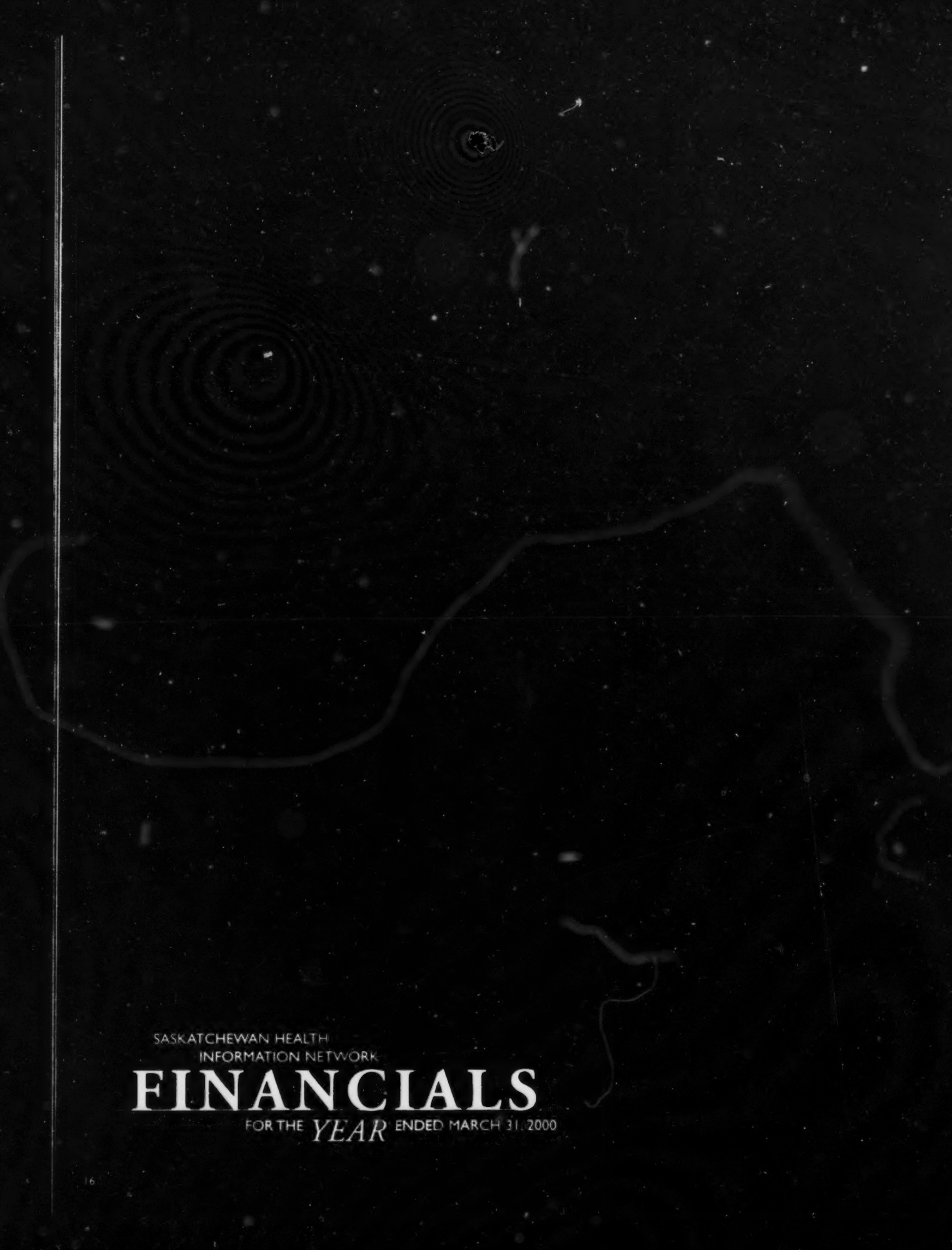
SHIN is a member of the Western Health Information Collaborative (WHIC) which includes representatives from Alberta, British Columbia, Manitoba, Saskatchewan, the Northwest Territories, Nunavut and the Yukon.

This Collaborative is working together on common areas of interest around health information initiatives. It is working to leverage federal and provincial resources and to facilitate the development of connecting infrastructures.

WHIC is focusing efforts initially around systems in the areas of telehealth, immunization, cancer screening registry, consumer access to health information, provider electronic health claims, laboratory services, reciprocal billing and service provider registries. SHIN is a key player in many of these projects.

In addition, SHIN is beginning work with the Canadian Institute for Health Information (CIHI) in piloting a highly secure telecommunications infrastructure called Public Key Infrastructure (PKI). This ensures that the transfer of health information is secure and sets the stage for the implementation of the *Health Information Protection Act* (HIPA).

PKI has the potential to be the security infrastructure used by information networks across the country. This has positioned SHIN in the forefront of network security development.



SASKATCHEWAN HEALTH
INFORMATION NETWORK

FINANCIALS

FOR THE *YEAR* ENDED MARCH 31, 2000

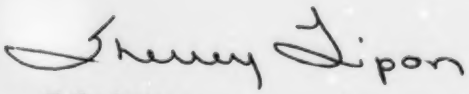
MANAGER'S RESPONSIBILITIES

The accompanying financial statements included in the Annual Report for the year ended March 31, 2000, are the responsibility of management. Management has prepared these financial statements in accordance with generally accepted accounting principles in Canada, consistently applied using management's best estimates and judgements where appropriate.

The Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving financial statements. The Board fulfills these responsibilities by reviewing financial information prepared by management and discussing relevant matters with management and external auditors.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, that assets are properly safeguarded and that reliable records are maintained.

The Provincial Auditor of Saskatchewan has audited the financial statements. His report to the Members of the Legislative Assembly appears preceding the financial statements.



Shelley Lipon
A/Chief Executive Officer

AUDITOR'S REPORT

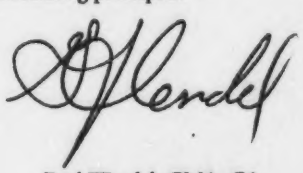
To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Health Information Network (the Corporation) as at March 31, 2000 and the statements of operations and accumulated surplus, cash flows and tangible capital assets for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Corporation received grants from Saskatchewan Health for the purposes of developing the Saskatchewan Health Information Network, a tangible capital asset. The Corporation recorded these grants as revenue in the year they were received. However, grants received for the purposes of acquiring tangible capital assets should be recorded as revenue when the related tangible capital assets are acquired. Any grants received in advance should be recorded as deferred revenue. Had the Corporation properly recorded these grants, deferred revenue would increase and accumulated surplus at the end of the year would decrease by $1,404,000 (1999 – $3,761,000). For 2000, revenue would increase and the deficit for the year would decrease by $2,357,000 (1999 - $9,401,000) and the accumulated surplus at the beginning of 1999 would decrease by $13,162,000.

In my opinion, except for the effects of the failure to properly record grants as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
June 13, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

STATEMENT 1 – STATEMENT OF FINANCIAL POSITION

As of March 31, 2000 (THOUSANDS OF DOLLARS)

	2000	1999 (Restated)
FINANCIAL ASSETS:		
Due from General Revenue Fund (Note 5)	$ 1,364	$ 4,787
Accounts receivable		
– Saskatchewan Health	2,205	—
– Other	42	115
Total financial assets	3,611	4,902
LIABILITIES:		
Accounts payable and accrued liabilities	1,661	2,071
ACCUMULATED SURPLUS (STATEMENT 2)	$ 1,950	$ 2,831
Accumulated surplus represented by:		
Accumulated operating results	17,395	15,325
Less tangible capital assets (Statement 4)	(15,445)	(12,494)
	$ 1,950	$ 2,831

(See accompanying notes to financial statements)

STATEMENT 2 — STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2000 (THOUSANDS OF DOLLARS)

	2000		1999
	Budget (Note 4)	Actual	Actual (Restated)
REVENUE:			
Grants from Saskatchewan Health	$ 10,000	$ 9,600	$ 5,000
Interest & other revenue	—	565	616
Total revenues	10,000	10,165	5,616
EXPENSES:			
Salaries and benefits	468	434	381
Board expenses	61	28	46
Purchased services	4,630	3,117	5,899
Ongoing operations	1,690	2,391	186
Amortization	5,000	2,033	5
Miscellaneous expenses	124	92	169
Total expenses	11,973	8,095	6,686
Operating results	$ (1,973)	2,070	(1,070)
Net (increase) in tangible capital assets	—	(2,951)	(9,396)
DEFICIT FOR THE YEAR	$ (1,973)	(881)	(10,466)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		2,831	13,297
ACCUMULATED SURPLUS, END OF YEAR		$ 1,950	$ 2,831

(See accompanying notes to financial statements)

STATEMENT 3 — STATEMENT OF CASH FLOWS

For the year ended March 31, 2000 (THOUSANDS OF DOLLARS)

	2000	1999 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Deficit for the year	$ (881)	$ (10,466)
Changes in non-cash working capital balances:		
Increase in accounts receivable	(2,132)	(115)
Decrease in accounts payable and accrued liabilities	(410)	(205)
DECREASE IN CASH FOR THE YEAR	(3,423)	(10,786)
Due from General Revenue Fund, beginning of year	4,787	15,573
Due from General Revenue Fund, end of year	$ 1,364	$ 4,787

(See accompanying notes to financial statements)

STATEMENT 4 - STATEMENT OF TANGIBLE CAPITAL ASSETS

As of March 31, 2000 (THOUSANDS OF DOLLARS)

	2000							1999
	Desktop Computer Hardware	Computer Network Hardware	Desktop Computer Software	Licensed or Multiple Application Software	Office Furniture and Equipment	System Development Costs	Total	Total
Opening costs	$ 324	$ 1,678	$ 241	$ 3,747	$ 3	$ 6,506	$ 12,499	$ 3,097
Additions during the year	—	1,952	142	1,467	—	1,423	4,984	9,402
Disposals	—	—	—	—	—	—	—	—
Closing cost	324	3,630	383	5,214	3	7,929	17,483	12,499
Opening accumulated amortization	5	—	—	—	—	—	5	—
Annual amortization	108	453	115	—	1	1,356	2,033	5
Disposals	—	—	—	—	—	—	—	—
Closing accumulated amortization	113	453	115	—	1	1,356	2,038	5
Net book value of tangible capital assets	$ 211	$ 3,177	$ 268	$ 5,214	$ 2	$ 6,573	$ 15,445	$ 12,494

(See accompanying notes to financial statements)

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

1. DESCRIPTION OF BUSINESS

The Saskatchewan Health Information Network (the Corporation) was established as a Treasury Board Crown Corporation by Order in Council 581/1997 under the provisions of *The Crown Corporations Act, 1993* (Act) effective August 19, 1997.

The Corporation was created to design, implement, own, operate, and manage the Saskatchewan Health Information Network (SHIN). The Corporation's purpose is to foster the development of the health information technology sector, to foster re-engineering of health deliver' processes and to protect health information as a strategic resource.

Development of the Corporation's main initiative, the SHIN (computer system), commenced after the project received Cabinet approval on June 30, 1997.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting principles.

a) The Basis of Accounting
The financial statements are prepared on the accrual basis of accounting.

b) Revenue
Contributions from Saskatchewan Health – General Revenue Fund or other sources are included in revenue when received or receivable.

c) Expenses
Expenses represent the cost of resources consumed during the year for operations. Expenses include provision for the amortization of tangible capital assets.

d) Tangible Capital Assets
Tangible capital assets are recorded at cost and are amortized over their useful life. Amortization is recorded, commencing with the quarter after the assets are placed into service, on a straight-line basis over their estimated useful lives as follows:

• Desktop Computer Hardware	3 years
• Computer Software	3 years
• Network Hardware, Software & System Development Costs	5 years
• Office Equipment	5 years
• Office Furniture	10 years

The Licensed or Multiple Application Software is not yet placed in service and therefore no amortization is recorded.

e) Net increase in tangible capital assets
The net increase in tangible capital assets represents adjustments required to report the surplus (deficit) for the year on an expenditure basis.

3. CHANGE IN ACCOUNTING POLICY

Recently the Public Sector Accounting Board (PSAB) provided guidance on accounting policies and financial statement presentation for public sector organizations. Effective April 1, 1999, the Corporation adopted the PSAB recommendations.

As a result, the Corporation changed its accounting policy for the recording of tangible capital assets. The Corporation now records the net increase in tangible capital assets as an adjustment to report the surplus for the year on an expenditure basis.

This change in accounting policy has been applied retroactively and the 1999 financial statements have been restated. The effect of this accounting policy change is that the tangible capital assets are no longer reported on the statement of financial position, accumulated surplus decreased by $15,445,000 (1999 - $12,494,000), and the deficit for the year increased by $2,951,000 (1999 – $9,396,000).

NOTES TO THE FINANCIAL STATEMENTS

4. BUDGET

The Corporation's operating budget was approved by the Board. This budget was prepared using the Corporation's previous accounting policies, and therefore the budgeted amounts for revenues and net increase in tangible capital assets are not comparable to the current year's presentation.

5. DUE FROM THE GENERAL REVENUE FUND

The Corporation's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the corporation's bank account using the Government's thirty day borrowing rate and the Corporation's average daily account balance. The Government's average thirty day borrowing rate for 1999/00 is 4.79% (1998/99 – 5.04%).

6. COMMITMENT

At March 31, 2000, the Corporation had, by agreement, the following commitment:

Agreement with SAIC

On March 11, 1998, the Corporation entered into a service agreement pursuant to Order in Council 161/1998 with the Science Applications International Corporation Canada (SAIC) to implement the SHIN computer system. The Agreement allows for SHIN to divide the project into small pieces of work and then commit to those specific segments. As at March 31, 2000, $1.1 million (1999 – $5.3 million) is committed on this project.

7. RELATED PARTIES

These financial statements include transactions with related parties. The Corporation is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the Corporation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. FINANCIAL INSTRUMENTS

The Corporation's financial instruments include due from the General Revenue Fund, accounts receivable, and accounts payable. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no interest or credit risk.

9. COMPARATIVE INFORMATION

Certain 1998-99 balances have been re-classified to conform with the current year's presentation.

SHIN

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For more information on the Saskatchewan Health Information Network, or for additional copies of the 1999/2000 annual report, please call 787.9621 or visit our web site at ***www.shin.ca***